App F IX 4

Reserved

1924-25

(mine)

File No 144-24

Serial Nos 20

Previous References

Later References

General and Revenue Secretariat.

Serial Nos

Part B for

SUBJECT

Replacement of Maharanpur lines in Municipalities by a line on Professional tax

Office Note

WD 243—GPB—2,000—2.8.18

20 236

REPLY

(To be written on this margin)

L 7623

JUDICIAL SECRETARIAT

24 JUN 1922

Office of the Dewan of Mysore.

NOTE

Dated 23rd June 1922

The question of Chatarfa versus Profession tax has been raised in regard to Municipal Revenues in Mysore City and other Municipalities

I should like to see the files on the subject The matter is of some importance and early disposal of the question is necessary

23 6

Revenue Secretary to Government, with compliments

Mr DS

Flag K

Flag L

Flag B

Flag A

R S III 2]

7623

General and Revenue Secretaria

File No of 19

Serial No

Mohatarfa ~~Ins~~ Professions tax
Suit for perusal

✓ Dewan

BM
28/6

Please send a clearer
& the only they have
which have affected the
Imams

The Agent only
the receipts which are the Nos 1
4

~~Attached~~ Please prepare
a self contained note)

BM
30/6

A note as desired as discussed

DS
5/7/23

P-T 9

WAN'S OFFICE.
30 JUN 28 1922
No. 7289
writing & linked files

NOTE—Contn sheet

Replacement of Mohatarfa taxes in Municipalities by a tax on professions, trades and callings.

****

In accordance with the Chief Commissioner's Proceedings No.3362-73. Ml.161 of 28-9-79, Government transferred entrusted the levy of Mohatarfa on shops, carts and oil mills to the Municipal Boards on condition of their making over to the Government one half of the realisations. A few of the Municipal Boards in whose favour this revenue was assigned in full in consideration of their bearing the Police charges or in consideration of low finances, however, continued to enjoy the income from Mohatarfa, shop, oil mill and cart taxes in full. Eventually in Government Order Camp No. 11-20/L.F.116-93 dated 12-10-1894, the Government moiety of Mohatarfa taxes was resigned in favour of the other Municipalities on condition of their meeting a portion of the vernacular primary and Middle School charges.

2. With the passing of the Municipal Regulation of 1906, most of the important Municipal Boards which were ~~heretofore~~ till then governed by executive orders of Government were placed on a statutory basis. In spite of a provision in this Regulation for the levy of taxes on Arts, Professions, Trades & Callings, the Municipal Councils continued to

levy Mohatarfa taxes on shops, carts & oil mills on the ground that the rates of profession tax fixed in Schedule III of the Regulation were low and that the minimum income liable to taxation, viz, Rs. 100 was high In accordarce with the recommendation of the Local Firance Committee and the Local Boards and ~~the~~ Conference, the rates of profession tax were doubled and the tax ~~on a~~ minimum income reduced to Rs 30 a month by amending ~~the~~ schedule III of the Municipal Regulation by the enactments of Regulation V of 1918.

3. The Oil Mill tax was abolished in July 1919 throughout the State and in Government Order No.R.4050-60/Ml.98-19-1 of 22-9-1919, Goverrmert directed - that ~~the~~ levy of Mohatarfa taxes or shops and carts should cease from 1st January 1920 and that steps should be taken to impose instead taxes on vehicles & animals and taxes on professions, trades, carts and callings in accordance with Section 59 in Town Municipalities and in accordarce with rules issued under Section 187 (3) of the Regulation in Minor Municipalities.

4. ~~The levy of Mohatarfa taxes in~~ By the abolition of Mohatarfa in Municipalities ~~has accordingly ceased~~ and the loss to the Municipal Councils ~~on this account~~ will be about Rs.1,05,000 ~~according to the Comptroller's accounts for 1916-17 and the latest~~ --

~~Bangalore City Municipal Council has not published so far.~~ The Bangalore City Municipal Council are not in favour of levying taxes or professions and they have imposed the house tax or buildings ~~on~~ used as shops. In the Mysore City rules for the levy of profession tax submitted by the Municipal Council were approved. In connection with the budget for the current year, the President reported that the Municipal Council are not in favour of levying the profession tax and was desirous of submitting separate proposals in the matter. The Government have, however, informed the Municipal Council that their action should be taken to levy profession tax forthwith.

5. In the Representative Assembly, it has been urged that provision should be made in the Municipal Regulation for the levy of shop tax in Municipalities on the ground that the Municipal Councils are likely to be better off financially by retaining the shop tax than by levying profession tax. In order to find out how far the finances of the Municipalities are likely to improve by this proposal, statistics have been called for in Circular letter No. L.6102-11/M1.159-21-2 dated 20-4-22 and replied are awaited from the Deputy Commissioners and Presidents of Municipalities.

Malice by the adoption of Prof^n tax

6. Another objection to the levy of profession tax appears to be the unwillingness of the people to subject their accourts to the scrutiny of the Municipal staff for purposes of assessmert. The objectionable features of the procedure adopted for determining the amount of assessment can be eliminated by asking the Muncipal Councils to adopt a set of simple rules and the loss of income complained of by the Represertative Assembly Members obviated by revising the rates of profession tax suitably or by inserting a proviso to Schedule III of the Municipal Regulation to the effect that a shop-keeper shall not be put in a class lower than one to be specifically mertioned in the Schedule.

7. In this connection, it is submitted that in many of the Village Panchayats, shop tax is levied in accordance with Section 56 of the Local - Boards and Village Panchayat Regulation and the rules issued thereurder. If it is decided to levy only a tax on shops in Minor Municipalities in lieu of profession tax this can be done by merely modifying the rules issued under Section 187 (2) of the Municipal Regulation suitably. In the case of the Town and City Municipalities, however, amendment of the Regn will be necessary It has to be decided whether it is necessary to amend the Regulation so as to provide for the levy of shop tax or ~~for~~ to

× Flag A

amendi~~ng~~ the proviso to Schedule III of the Regulation if it is decided to retain profession tax.'

subject with ref to the Dewans views as above

12/7/23

Revised)

2nd member Dewan)

13/7/23

879 3-8-22

879 3/8

Then a resolution that steps can will be taken keeping all the necessities from the Government can be passed to amend the Municipal Regulation so as to provide for the imposition of steps can in lieu of imposition can in accordance with the views of the Govt of Mysore and the Municipality and the H. A. that steps should be called for - Though the Dewan & the Secretary Govt also, the Statistics called for have not been supplied as yet sufficiently even the necessities & the Dewan suggested that the Govt of Mysore be requested to furnish the statistics & consult Bangalore Mills & Industries and that thereafter the whole matter be placed before the Municipality & the imposition of steps can be taken up -

G R S III 2]

General and Revenue Secretariat | File No 623 of 19

Serial No

The proposal to enhance the rate of 2/- per annum levied is not practicable as it will act as a great hardship upon those whose income is Rs 100 a month since they will have to pay Rs 24 as additional tax.

The advantage of the tax may perhaps be if the rate under the latter system may be increased whose income is Rs 30 a month or above are liable to taxation while the tax is levied upon persons of the income of the higher classes. In smaller municipalities are liable to taxes under the present system since they are only partly those persons in such places whose income does not in the majority of cases exceed Rs 30 a month. The proposal to allow small municipalities to levy this tax under an enactment under Section 8 thereof is supported under the circumstances.

DEWAN'S OFFICE
Recd on SEP 11 1922
Reg No. 4688

Note the income of municipalities are reported as Rs 24 — the actually may be reduced this is an unfortunately the case now in Ceylon

11/9/22 Correct

CS 13/9/22

(Chief Secy) SCS 11/9/22

11/9/22

(For Disposal at a Meeting)

No C. 137

1922-23

GENERAL AND REVENUE SECRETARIAT

Council Matter

SUBJECT.

(Clauses 1 and xxvii of the Schedule,.

Replacement of monatarfa taxes in Municipalities by a tax on professions, trades and callings.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

15th September 1922

Chief Secretary to Government

Extraordinary Member of Council

2522-178-
25 9 22 First Member of Council.

1928
1819 Second Member of Council

Third Member of Council.

C 137

Extract from the Proceedings of the 628th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 17th October 1922. 29

107. Subject. - Clause 1 of the Schedule.

Replacement of Mohataria taxes in Municipalities by a tax on professions, trades and callings.

Opinion of the Council.

The levy of Mohataria tax in Municipalities in lieu of Profession tax may be regularised by suitable provision in the Municipal Regulation.

(Sd.) A. R. Banerji,
Dewan of Mysore.

EXTRACT"

Chief Secretary to Government

WD 433—GPB—1 000—1 9 26

C 137

G R S III 2]

General and Revenue Secretariat | File No | of 19

Serial No

Subject. - "Replacement of Octroi taxes in Municipalities by a tax on professions trades and callings"

2860/4+.22

Submitted to the 2nd member for a final note

2/11/22

Final Note signed by the Member is placed in the file

Mr. 6-11-22

S A Submitted -

7/11

7/11/22

NOTE - Contn sheet

Final Note by the Second Member of Council

Subject —

Replacement of Mohatarfa taxes in Municipalities by a tax on professions, trades and callings.

Under the Municipal Regulation in force in the State (Regulation No VII of 1906 as amended by Pegulation No. V of 1918), there is no provision made for the levy of Mohatarfa and shop taxes But these taxes were being levied in both the Regulation and Non-regulation Municipalities before the passing of the Regulation and continued to be so levied even after The question came up for consideration in connection with the introduction of the Local Self Government Scheme and the Government ordered in their No. R 4050-60/M1 98-19-1 dated 22nd September 1919 that these taxes should be regularised in conformity with the provisions of the Municipal Regulation The Mohatarfa shop tax has therefore to be replaced by a tax on arts, professions, trades c., under Clause (x) of Section 59 of the Municipal Regulation With reference to this, representations have been received from several Municipal Councils that the substitution of the Professien tax for the Mohatarfa shop tax materially reduces the revenues of Municipalities. When the Municipal Regulation was amended in 1918 the schedule of profession tax was revised bringing down the minimum income liable to this tax from Rs 100 to Rs. 30 per mensem, but it has been found that this revision of rates has not tended to improve the position

When the papers were placed before me I recorded the following minute -

" There is no doubt that shop tax will be a more profitable source of revenue to the Municipalities than the profession tax The Dewan ordered on my suggestion to amend the Municipal Regulation so as to provide for the imposition of shop tax in lieu of profession tax in accordance with the wishes of some of the

Municipalities and the Members of the Pepresentative Assembly, that statistics should be called for Though the Deputy Commissioners were circularised long ago, the statistics called for have not been supplied as yet except by some Municipalities of the Kolar District] The figures furnished by the larger Municipalities of Chickballapur, Malur and Gudibanda show that they would be great sufferers by the imposition of the profession tax in lieu of the shop tax

The proposals to enhance the rates of profession tax is not practicable as it will act as a great hardship upon those whose income is Rs 200 and upwards a month since they will have to pay in addition the Income-tax.

The advantage of shop tax over profession tax is this - that under the latter system only persons whose income is Ps 30 a month or above are liable to taxation whilst shop tax is levied irrespective of the income of the shop keeper The smaller Municipalities are liable to suffer under the present system since there are only petty shop keepers in such places whose income does not in the majority of cases exceed Rs 30 a month] The proposal to allow such Municipalities to levy shop tax under an executive order cannot I think be supported under the Municipal Regulation".

The question was considered in Council on the 17th October 1922 and the following resolution was passed -

"The levy of Mohatarfa tax in Municipalities in lieu of profession tax may be regularised by suitable provision in the Municipal Regulation"

The opinion of the Council may be graciously approved

A Bill to amend the Municipal Regulation accordingly will be drafted and submitted for approval in due course.]

Bangalore
4th November 1922.

Mir Khwaja Hasan
MEMBER OF COUNCIL

G R S IV—6]

Submitted to His Highness

I submit herewith a Final Note by the Second *Member of Council on the subject of* Replacement of Mohatarfa taxes in Municipalities by a tax on professions, trades and callings

for His Highness' gracious approval

Dewan

19 NOV 1922

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject

Question of replacing Mohatarfa taxes in Municipalities by tax on professions, trades and callings.

Order

~~KRW~~

16/11/22

Revised 4)

G R S III 2]

General and Revenue Secretariat | File No | of 19

Serial No

Under the proposed
under (i), (iii) and (x) of Section
5-9 of the Bill Rs taxes may
be imposed on homes, vehicles
& professions respectively
So for the substitution
of Mohatarfa for profession
tax it will be supplement-
ry provision is made for
the levy of Shops tax in
lieu of professions tax
for clause (x) of S. 5-9
the following may be
substituted —

"a tax on shops
after the approval
of the above alteration
a draft Bill must be
put up with a statement of
objects & reasons

It is a point for consider-
tion whether any provision
has to be made as regards
the rates of the Shops tax
Subs for orders

Shed S 9(b) may perhaps be cancelled

This is a simple matter, but has always been a source of trouble

Govt might if the whole clause (x) is deleted & only shop tax substituted will not therefore purposes & objects go with the Bill.

NOTE—Contn sheet

G R S III 21

General and Revenue Secretariat | File No. 1585 of 19

Serial No	
	It is understood That the S-S Conference has passed a Resolution on this subject. If approved, a copy of that file may be sent to that Section for putting a copy of the Resolution Please bring up Sec 8/6 (vol 3) SW 8/6 the resolution may be obtained. Sending the file may mean delay
Legn 9/6	

NOTE—Contin sheet

G R S III—3]

5825

ROUTINE NOTES

[To be used only for notes, requisitions, etc, not intended for permanent record]

L 5985

1) File relating to Kolar Dt re levy of shop tax in lieu of profession tax (D 3823/L S G)

2) File relating to replacement of Motor tax in Municipalities by a tax on professions, trades & callings (C 137 & D 2589/P)

3) File containing letter from the Deputy Commissioner Tumkur Dt re levy of profession tax in Gubbi Municipality (L 4532-42)

The accompanying files which were obtained from the L S G Branch for submission to Dewan in connection with the progress report on item No. 454 of the Statement of promises made by the Dewan during the Birthday Session of the Rep. Assembly in June 1927 re Legislation shop tax and abolition of profession tax is returned to the L S G Branch for favour of disposal

21/5

21/5

A B — Should routine notes be written on small slips the notes must be copied or slips pasted on this form

W D 1880—GPB—1 50,000—2'6 21

L S G Branch 21/5

L S G Branch 21/5

The papers may kindly be sent to Legislative Section during L S G conference in Branch

7/6

Legislative Section 7/6

ROUTINE NOTES

[To be used only for notes, requisitions, etc, not intended for permanent record]

N B—Should routine notes be written on small slips the notes must be copied or slips pasted on this form

G R S III 2]

General and Revenue Secretariat | File No | of 19

Serial No

Extracts of Resolutions ~~XXXIV~~ & ~~XXXV~~ passed at the Local Self Govt conference held on April 1923

"

~~XXXIV~~

Resolved that as the present Motor tax rates are low they may be suitably enhanced

~~XXXV~~ That the Municipal Regulation be suitably amended so as to give option to Municipalities to levy Shop tax in lieu of professional tax"

K.P
9/6/23.

Necessary provision has been made in the Bill further to amend the Motor Regn for the levy of Shop tax by Municipal Councils in lieu of the tax may now be levied

DS
15/4/26

YB 7/4/26
1674

GENERAL & REVENUE SECRETARIAT
594/26
16 APR 1926

NOTE—Contn sheet